

Consolidated Financial Statements of

TOWN OF STRATFORD

Year ended December 31, 2016

Town of Stratford Management's Responsibility for Financial Reporting

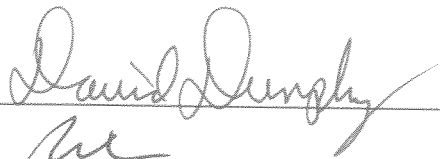
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these consolidated financial statements and schedules are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies is described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current period cannot be finalized with certainty until future periods.


Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for the preparation of consolidated financial statements.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Council. The Council reviews internal financial statements on a monthly basis and external audited consolidated financial statements yearly. The Council also discusses any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on consolidated financial statements. The external auditors have full and free access to the financial management of the Town of Stratford and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of the Town of Stratford:





Mayor

Chief Administrative Officer



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BDO Canada LLP
155 Belvedere Avenue, Suite 200
PO Box 2158
Charlottetown PE C1A 8B9
Canada

INDEPENDENT AUDITOR'S REPORT

To His Worship the Mayor and the Members of Town Council of Town of Stratford

We have audited the accompanying consolidated financial statements of Town of Stratford which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Town of Stratford as at December 31, 2016 and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants

Charlottetown, Prince Edward Island
May 18, 2017

TOWN OF STRATFORD

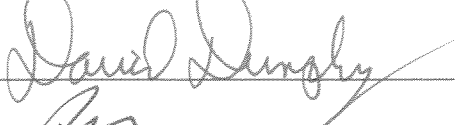
Consolidated Statement of Financial Position


December 31, 2016, with comparative figures for 2015

	2016	2015
Financial Assets		
Cash	\$ 205,998	\$ 414,025
Accounts receivable (note 2)	1,681,029	817,916
Temporary investments (note 3)	800,557	1,079,093
Inventory held for resale	8,203	8,525
Leases, loans and contributions receivable (note 4)	187,191	192,007
Land held for resale, at cost	885,036	1,038,215
Long-term investments (note 5)	132,500	132,500
	<u>3,900,514</u>	<u>3,682,281</u>
Liabilities		
Bank indebtedness (note 6)	1,040,236	1,078,682
Accounts payable and accrued liabilities (note 7)	825,606	1,037,293
Deferred revenue (note 8)	1,000	-
Employee benefits payable (note 9)	147,620	106,497
Long-term debt (note 10)	9,534,648	9,844,749
	<u>11,549,110</u>	<u>12,067,221</u>
Net debt	(7,648,596)	(8,384,940)
Non-financial Assets		
Prepaid expenses	32,221	36,232
Tangible capital assets (page 19)	42,062,163	40,909,170
	<u>42,094,384</u>	<u>40,945,402</u>
Accumulated surplus	\$ 34,445,788	\$ 32,560,462

The accompanying notes are an integral part of these consolidated financial statements.

On Behalf of the Council:





Mayor

Chief Administrative Officer

TOWN OF STRATFORD

Consolidated Statement of Operations

Year ended December 31, 2016, with comparative figures for 2015

	2016 Budget	2016 Actual	2015 Actual
Revenue:			
Property taxes (note 11)	\$ 3,467,400	\$ 3,433,296	\$ 3,368,421
Government transfers			
- provincial municipal support	914,900	912,563	905,747
- infrastructure (note 12)	1,992,000	1,679,513	1,591,848
Rental	240,300	214,019	221,539
Third party revenue	192,300	231,679	322,405
Interest	1,500	35,056	40,059
Stratford Utility Corporation	2,807,700	2,295,986	2,032,562
Stratford Business Park	196,020	-	2,245
	<u>9,812,120</u>	<u>8,802,112</u>	<u>8,484,826</u>
Expenses:			
Amortization	511,000	505,233	611,339
General government	2,214,000	2,127,042	2,078,293
Finance	529,700	502,068	523,228
Recreation	635,500	652,817	630,812
Public Works	681,800	686,626	660,508
Planning	315,700	297,357	279,157
Stratford Utility Corporation	2,016,400	2,123,008	2,058,932
Stratford Business Park	182,619	22,635	28,896
	<u>7,086,719</u>	<u>6,916,786</u>	<u>6,871,165</u>
Annual surplus	2,725,401	1,885,326	1,613,661
Accumulated surplus, beginning of year	32,560,462	32,560,462	30,946,801
Accumulated surplus, end of year	\$ 35,285,863	\$ 34,445,788	\$ 32,560,462

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF STRATFORD

Consolidated Statement of Change in Net Debt

Year ended December 31, 2016, with comparative figures for 2015

	2016 Budget	2016 Actual	2015 Actual
Annual surplus	\$ 2,725,401	\$ 1,885,326	\$ 1,613,661
Acquisition of tangible capital assets	(4,223,900)	(2,451,572)	(1,849,271)
Amortization of tangible capital assets	1,231,000	1,298,579	1,385,073
	(2,992,900)	(1,152,993)	(464,198)
Change in prepaid expenses	-	4,011	7,164
Change in net debt	(267,499)	736,344	1,156,627
Net debt, beginning of year	(8,384,940)	(8,384,940)	(9,541,567)
Net debt, end of year	\$ (8,652,439)	\$ (7,648,596)	\$ (8,384,940)

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF STRATFORD

Consolidated Statement of Cash Flows

Year ended December 31, 2016, with comparative figures for 2015

	2016	2015
Cash flows from operating activities		
Annual surplus	\$ 1,885,326	\$ 1,613,661
Item not involving cash:		
Amortization	1,298,579	1,385,073
	<u>3,183,905</u>	<u>2,998,734</u>
Change in non-cash working capital		
Accounts receivable (payable)	(863,113)	433,118
Leases, loans and contributions receivable	4,816	6,380
Prepays	4,011	7,164
Inventories held for resale	322	1,836
Development of land held for resale	153,179	(162,126)
Payables, accruals and deferred revenue	(169,564)	(1,508,509)
	<u>(870,349)</u>	<u>(1,222,137)</u>
Cash flows from capital activities		
Purchase of tangible capital assets	(2,451,572)	(1,849,271)
Cash flows from financing activities		
Increase (decrease) in bank indebtedness	(38,446)	184,298
Proceeds from long-term debt	637,200	1,446,000
Repayment of long-term debt - Town	(390,765)	(366,532)
Repayment of long-term debt - Utility	(556,536)	(551,353)
	<u>(348,547)</u>	<u>712,413</u>
Cash flows from investing activities		
Decrease (increase) in temporary investments	278,536	(415,806)
Increase (decrease) in cash position	(208,027)	223,933
Cash, beginning of year	414,025	190,092
Cash, end of year	<u>\$ 205,998</u>	<u>\$ 414,025</u>

The accompanying notes are an integral part of these consolidated financial statements.

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

1. Significant accounting policies:

(a) Basis of accounting:

The consolidated financial statements of the Town of Stratford (the Town) have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board.

(b) Basis of consolidation:

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and boards which are owned or controlled by the Town. The following entities have been consolidated:

Stratford Utility Corporation
Stratford Business Park Corporation Inc.
One Governance Foundation

All inter-entity transactions and balances have been eliminated.

The financial activities of a certain entity associated with the Town of Stratford is considered to be a separate organizational entity and is not consolidated. The Town's transactions with this entity are recorded in the consolidated statement of operations. The following entity has not been consolidated:

Stratford Community Seniors' Complex Ltd.

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

1. Significant accounting policies (continued):

(c) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts directly attributable to acquisition or construction of the tangible capital asset. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated useful life of the tangible capital asset commencing once the asset is available for productive use as follows:

Asset	Rate
General:	
Multi purpose facility	40 years
Buildings	40 years
Sidewalks, parks and paving	25 years
Vehicles	7 years
Machinery and equipment	10 years
Small equipment	5 years
Computer hardware and software	4 years
Other assets	10 - 50 years
Sewer and Water Utility:	
Sewer systems	50 years
Water systems	50 years
Computer software	4 years
Machinery and equipment	10 years
Small equipment	5 years
Vehicles	7 years

During the year, the Town received contributions of land valued at \$ Nil. (2015 - \$ 126,070.). This amount is included in third party revenue.

During the year, the Town received contributions of utility infrastructure from developers valued at \$ 241,123. (2015 - \$ 169,559.). This amount is included in Stratford Utility Corporation revenue.

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

1. Significant accounting policies (continued):

(d) Budget:

The budget figures contained in these financial statements were approved by Council on March 9, 2016 in its original fiscal plan.

(e) Revenue recognition:

Property tax billings are received directly from the Province of Prince Edward Island. Taxes are billed based on the assessment rolls provided by the Province of Prince Edward Island at rates set by the Town. Taxation revenue is recorded as it is received in monthly installments from the Province of Prince Edward Island. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized.

Utility revenues are recognized when the significant risks and rewards of the service are transferred to the customer, which generally coincides with the time of billing, collectability is reasonably assured, persuasive evidence of an arrangement exists and the sales price is fixed and determinable.

Rent becomes due each month and is recognized on a monthly basis as paid. Price is fixed based on the contract signed for each year, and significant risks and rewards have been transferred.

Other revenues are recognized when the significant risks and rewards are transferred to the customer, collectability is reasonably assured, persuasive evidence of an arrangement exists and the sales price is fixed and determinable.

(f) Government transfers:

When the organization is the recipient, government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

When the organization is the transferor, government transfers are recognized as an expense in the consolidated statement of operations when they are authorized and all eligibility criteria have been met by the recipient.

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

1. Significant accounting policies (continued):

(g) Land held for sale:

Inventories of land are valued at original cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

(h) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for the use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the consolidated change in net debt for the year.

(i) Use of estimates:

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Management provides estimates on the depreciation of tangible capital assets and employee benefits payable.

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

2. Accounts receivable:

	2016	2015
Trade	\$ 904,404	\$ 670,265
HST	71,657	70,784
Government transfers	676,741	43,415
Due from Stratford Community Seniors' Complex Ltd.	28,227	33,452
	<u>\$ 1,681,029</u>	<u>\$ 817,916</u>

3. Temporary investments:

The Town receives New Deal Gas Tax funding which is only available to be used for eligible infrastructure and capacity building projects. The funds are being held in a separate deposit receipt account that bears interest at a rate of 0.50%.

4. Leases, loans and contributions receivable:

	2016	2015
CHANCES Inc., 5.48% capital lease, receivable in equal monthly installments of \$ 1,020. including interest	\$ 20,381	\$ 31,181
Donald Baker, Bakeridge Properties Inc., George Bagnall and K-Right Communications Limited, non-interest bearing until April 2016, at which time interest will begin to accrue at a rate equal to the Town's cost of borrowing, repayable at the earlier of any sale, transfer or development of certain property, at cost	125,000	125,000
Capital contributions receivable	41,810	35,826
	<u>\$ 187,191</u>	<u>\$ 192,007</u>

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

5. Long-term investments, at cost:

	2016	2015
Charlottetown Area Development Corporation (CADC), 50 common shares	\$ 132,500	\$ 132,500

6. Bank indebtedness and short-term borrowings:

The Town of Stratford has total authorized operating lines of credit as follows:

- \$ 750,000. authorized with an interest rate of 2.7%, of which \$ 315,851. was used at December 31, 2016 (2015 - \$ 424,781.)
- \$ 2,000,000. authorized with an interest rate of 2.7%, of which \$ Nil. was used at December 31, 2016 (2015 - \$ Nil.)
- \$ 800,000. authorized with an interest rate of 2.7%, of which \$ 637,328. was used at December 31, 2016 (2015 - \$ 653,901.)

7. Accounts payable and accrued liabilities:

	2016	2015
Trade	\$ 649,014	\$ 538,287
Tangible capital assets	94,826	192,220
Holdbacks	81,766	306,786
	\$ 825,606	\$ 1,037,293

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

8. Deferred revenue:

During the year, the Town was allocated \$ 816,580. (2015 - \$ 767,006.) under the New Deal Gas Tax Funding for Incorporated Communities agreement. Total proceeds of \$ 821,726. received by the Town as at December 31, 2016 is comprised of \$ 816,580. plus interest of \$ 5,146. The Town must use their allocation of the New Deal Gas Tax funds for eligible infrastructure and capacity building projects.

The Town also received \$ 1,000. (2015 - \$ Nil.) from Royal Bank of Canada to be used in 2017 for science kits.

	2016	2015
Deferred, beginning of year	\$ -	\$ 663,287
Received	822,726	772,343
Recognized	(821,726)	(1,435,630)
Deferred, end of year	\$ 1,000	\$ -

Under the Agreement on the Transfer of Federal Gas Tax Revenues through the New Deal for Cities and Communities, the Town has received revenues which are restricted for expenditures on eligible projects. During the year, \$ 722,089. (2015 - \$ 631,246.) was spent on eligible projects. The Town has prepared, and the governmental regulating body has accepted, a Capital Investment Plan which details anticipated expenditures.

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

9. Employee benefits:

Employees accumulate sick leave at a rate of 1.25 days per month. Employees who reach the age of 60 may take a lump sum payment of half of their accumulated sick leave credits up to a maximum of 75 days payment at retirement. At December 31, 2016, the liability for unused sick leave, that is required to be paid out upon severance or retirement, amounted to \$ 63,061. (2015 - \$ 48,204.). No actuarial valuation has been performed pertaining to this liability.

Employees accumulate vacation time based on their years of experience. Employees are required to use their vacation time within 12 months of being earned. Employees who leave the organization are paid out for their total accrued vacation time. At December 31, 2016, the liability for unused vacation time that is required to be paid out upon an employee leaving the organization amounted to \$ 84,559. (2015 - \$ 58,293.). No actuarial valuation has been performed pertaining to this liability.

The Town has a defined contribution pension plan for employees consisting of a registered retirement pension plan (RRSP) matching program. The Town's pension costs are charged to operations as contributions are due. The Town matches employees' contributions to a maximum of 6% of their annual salary. During the year, there was \$ 76,058. (2015 - \$ 69,762.) contributed to RRSP plans. This represents both the Town's and the employees' portion of the contribution.

10. Long-term debt:

	2016	2015
Town of Stratford:		
4.67% Bank of Montreal loan payable in equal monthly installments of \$ 2,685. including interest, maturing in December 2022	\$ 145,435	\$ 167,677
4.45% Royal Bank loan payable in equal monthly installments of \$ 24,903. including interest, maturing in May 2018, amortized to May 2023	1,665,795	1,884,953
2.31% Royal Bank loan payable in equal monthly installments of \$ 11,410. including interest, maturing in March 2018, amortized to March 2023	796,242	913,240
2.66% Toronto Dominion loan payable in equal monthly installments of \$ 3,418. including interest, maturing in May 2025, amortized to May 2025	309,196	341,563
	<u>\$ 2,916,668</u>	<u>\$ 3,307,433</u>

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

10. Long-term debt (continued):

	2016	2015
Stratford Utility Corporation:		
5.18% Bank of Montreal loan payable in equal monthly installments of \$ 1,859. including interest, maturing in April 2030, amortized to April 2030	\$ 216,132	\$ 225,175
3.03% Bank of Montreal loan payable in equal monthly installments of \$ 2,708. including interest, maturing in March 2023, amortized to March 2023	187,510	211,260
3.77% Bank of Montreal loan payable in equal monthly installments of \$ 3,537. including interest, maturing in July 2021, amortized to July 2021	182,405	213,959
4.88% Bank of Montreal loan payable in equal monthly installments of \$ 1,073. including interest, maturing in March 2022, amortized to March 2022	60,137	68,804
4.73% Bank of Montreal loan, repaid in the year	-	26,887
4.73% Bank of Montreal loan, repaid in the year	-	29,657
5.32% Bank of Montreal loan, repaid in the year	-	20,729
5.01% Royal Bank loan payable in equal monthly installments of \$ 6,830. including interest, maturing in December 2017, amortized to December 2027	692,376	738,384
4.87% Royal Bank loan payable in equal monthly installments of \$ 3,303. including interest, maturing in April 2019, amortized to April 2029	367,164	388,299
4.63% Royal Bank loan payable in equal monthly installments of \$ 3,205. including interest, maturing in January 2019, amortized to December 2023	231,928	258,970

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

10. Long-term debt (continued):

3.92% CMHC loan payable in equal annual installments of \$ 53,878. including interest, maturing in March 2026, amortized to March 2026	453,072	489,521
3.98% CMHC loan payable in equal annual installments of \$ 19,054. including interest, maturing in February 2025, amortized to February 2025	146,972	160,339
3.00% Toronto Dominion loan payable in equal monthly installments of \$ 6,180. including interest, maturing in May 2035, amortized to May 2035	1,023,778	1,063,579
3.45% Toronto Dominion loan payable in equal monthly installments of \$ 4,943. including interest, maturing in May 2034, amortized to May 2034	777,342	809,431
3.20% Toronto Dominion loan payable in equal monthly installments of \$ 3,598. including interest, maturing in June 2036, amortized to June 2036	625,760	-
2.63% Toronto Dominion loan payable in equal monthly installments of \$ 4,335. including interest, maturing in January 2026, amortized to January 2026	419,968	458,075
2.86% Toronto Dominion loan payable in equal monthly installments of \$ 3,077. including interest, maturing in December 2024, amortized to December 2024	263,940	292,843
1.90% Toronto Dominion loan payable in equal monthly installments of \$ 3,025. including interest, maturing in January 2021, amortized to January 2021	142,510	173,645
4.72% Pacific & Western loan payable in equal monthly installments of \$ 4,519. including interest, maturing in April 2017, amortized to March 2027	438,293	470,932
4.63% Pacific and Western loan payable in equal monthly installments of \$ 5,617. including interest, maturing in October 2018, amortized to August 2023	388,693	436,827
	<u>\$ 6,617,980</u>	<u>\$ 6,537,316</u>
Total debt	<u>\$ 9,534,648</u>	<u>\$ 9,844,749</u>

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

10. Long-term debt (continued):

Based on the current repayment amounts, principal repayments in each of the next five years are as follows:

	General	Utility	Total
2017	\$ 408,307	\$ 542,327	\$ 950,634
2018	423,654	544,444	968,098
2019	439,622	565,415	1,005,037
2020	456,239	587,246	1,043,485
2021	476,067	563,482	1,039,549
	\$ 2,203,889	\$ 2,802,914	\$ 5,006,803

11. Property taxes:

	2016	2015
Commercial property tax	\$ 272,949	\$ 302,099
Non-commercial property tax	3,160,347	3,035,014
	\$ 3,433,296	\$ 3,337,113

12. Government transfers:

	2016	2015
Province of P.E.I.:		
Gas Tax - Capital Investment Plan	\$ 816,580	\$ 1,430,293
Gas Tax - Build Canada	647,271	25,339
Provincial Infrastructure Fund	87,500	150,000
Gas Tax - Municipal Strategic Component	87,200	-
Federal Government:		
Atlantic Canada Opportunities Agency	40,962	-
Trans Canada Trail	-	(13,784)
	\$ 1,679,513	\$ 1,591,848

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

13. Robert L. Cotton Memorial Park:

During 1998, the Town received from the Province of Prince Edward Island, for a nominal fee of \$ 1., the land and buildings currently known as the Robert L. Cotton Memorial Park. The purchase agreement with the Province stipulates that no income can be generated from this property and the property cannot be sold in part or as a whole. The property must be returned to the Province for the same nominal fee of \$ 1. should the Town no longer desire to own the property.

14. Commitments:

As part of an agreement dated November 28, 2002, the Town agreed to provide fixed capital funding to Capital Area Recreation Inc. (CARI) for the construction of an aquatic facility. As part of the agreement, CARI shall submit an annual business plan and budget for approval by the Town relating to the Town's recreation programs to include scheduling, rates and subsidies. As part of the agreement, the Town can appoint a member to the Board of Directors of CARI.

The Town has made a commitment to CARI to fund 8% of the aquatic facility's operational shortfall to a maximum of \$ 3,000. per year, as well as contributing 8% to the capital replacement sinking fund to a maximum of \$ 6,582. per year, adjusted for inflation.

During 2012, the Town signed a 20 year contract with the RCMP, which can be opted out of with two years' notice. The annual cost of the commitment varies as it is based on costs incurred by the RCMP. Expenses paid by the Town under this contract in 2016 were \$ 737,953. (2015 - \$ 728,289.).

15. Segment disclosures:

The Town is a diversified municipal unit that provides a range of services to its citizens. For management reporting purposes, the Town's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Town services are provided by departments and their activity is reported in these funds. The services provided by these departments are as follows:

General Government

This department is responsible for the overall local government administration.

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

15. Segment disclosures (continued):

Finance

This department is responsible for the overall financial information of the Town. Its tasks include accounts payable and receivables, budgets and financial statements.

Recreation

This department is responsible for promoting and offering recreation opportunities and activities to the Town's residents.

Public Works

This department is responsible for road maintenance and infrastructure projects for the Town.

Planning

This department is responsible for the overall planning of the Town.

Stratford Utility Corporation

This department is responsible for the maintenance and operations of the water and sewer services provided to residents and other customers.

Stratford Business Park

This department is responsible for the maintenance and operations of the Stratford Business Park.

Internally generated revenues and expenses are eliminated on a consolidated basis.

TOWN OF STRATFORD

Notes to Consolidated Financial Statements

Year ended December 31, 2016

16. Accumulated surplus:

	2016	2015
Municipal position		
Reserve funds	\$ 1,985,866	\$ 2,160,283
Operating fund	32,459,922	30,400,179
	<u>\$ 34,445,788</u>	<u>\$ 32,560,462</u>
Reserve funds		
Balance, beginning of year	\$ 2,160,283	\$ 782,838
Allocations to (from) reserves (net)	(174,417)	1,377,445
Balance, end of year	<u>\$ 1,985,866</u>	<u>\$ 2,160,283</u>
Comprising of:		
Town:		
Dedication fees	103,078	103,078
Election	30,360	19,360
Utility capital contribution	131,286	131,286
Town capital project	135,803	135,803
Heritage grant reserve	17,198	15,523
Pondside Park dredging	35,000	28,000
Stratfords of the World	3,570	5,845
New Deal Gas Tax funds	800,557	1,079,093
RCMP building	249,721	249,721
RCMP vehicle	15,000	-
Utility:		
Water supply capital contribution	464,293	392,574
	<u>\$ 1,985,866</u>	<u>\$ 2,160,283</u>

TOWN OF STRATFORD

Schedule of Tangible Capital Assets

Year ended December 31, 2016, with comparative figures for 2015

	Cost Beginning of Year	Additions	Disposals and Write Downs	Cost End of Year	Accumulated Amortization Beginning of Year	Disposals and Write Downs	Accumulated Amortization End of Year	Net Book Value 2016	Net Book Value 2015
Town:									
Land	\$ 1,272,118	\$ 2,781	\$ -	\$ 1,274,899	\$ -	\$ -	\$ -	\$ 1,274,899	\$ 1,272,118
Buildings and facility	7,410,052	112,419	-	7,522,471	2,888,522	-	3,071,921	4,450,550	4,521,530
Computer and equipment	1,242,909	131,159	-	1,374,068	1,107,284	20,724	1,156,491	217,577	135,625
Vehicle	1,091,254	30,961	-	1,122,215	1,047,735	-	1,094,343	27,872	43,519
Parks and other	2,107,105	161,476	-	2,268,581	1,016,995	589,991	1,622,147	646,434	1,090,110
Active transportation	5,252,353	677,000	-	5,929,353	2,450,304	(610,715)	2,071,171	3,858,182	2,802,049
Sewer utility:									
Land	783,759	-	-	783,759	-	-	-	783,759	783,759
Computer and equipment	140,147	-	-	140,147	120,774	-	127,805	12,342	19,373
Vehicle	126,821	57,892	-	184,713	126,821	-	130,957	53,756	-
Sewer	24,402,991	149,518	-	24,552,509	5,851,676	-	6,339,407	18,213,102	18,551,315
Water	14,064,762	1,128,366	-	15,193,128	2,374,990	-	2,669,438	12,523,690	11,689,772
	\$ 57,894,271	\$ 2,451,572	\$ -	\$ 60,345,843	\$ 16,985,101	\$ -	\$ 18,283,680	\$ 42,062,163	\$ 40,909,170

TOWN OF STRATFORD

Schedule of Consolidated Segment Disclosures

Year ended December 31, 2016

	General Government	Finance	Recreation	Public Works	Planning	Stratford Utility Corporation	Stratford Business Park	Elimination	Consolidated 2016
Revenue:									
Property taxes	\$ 1,894,174	\$ 361,286	\$ 469,765	\$ 494,094	\$ 213,977	\$ -	\$ -	\$ -	\$ 3,433,296
Government transfer:									
Support Grant Program	450,642	140,782	134,648	189,532	(3,041)	-	-	-	912,563
Infrastructure	945,042	-	-	-	-	734,471	-	-	1,679,513
Rental	251,319	-	-	-	-	-	-	(37,300)	214,019
Third party revenue	93,854	-	48,404	3,000	86,421	-	-	-	231,679
Interest	6,613	-	-	-	-	28,443	-	-	35,056
Water and sewer	-	-	-	-	-	2,295,986	-	-	2,295,986
	3,641,644	502,068	652,817	686,626	297,357	3,058,900	-	(37,300)	8,802,112
Expenditures:									
Salaries and benefits	200,691	135,511	426,751	254,280	273,988	454,634	-	-	1,745,855
Goods and services	1,926,351	240,030	157,227	432,346	23,369	634,127	22,635	(37,300)	3,398,785
Depreciation	505,233	-	-	-	-	793,346	-	-	1,298,579
Interest	-	126,527	-	-	-	278,201	-	-	404,728
Other	-	-	68,839	-	-	-	-	-	68,839
	2,632,275	502,068	652,817	686,626	297,357	2,160,308	22,635	(37,300)	6,916,786
	\$ 1,009,369	\$ -	\$ -	\$ -	\$ -	\$ 898,592	\$ (22,635)	\$ -	\$ 1,885,326

TOWN OF STRATFORD

Schedule of Consolidated Segment Disclosures

Year ended December 31, 2015

	General Government	Finance	Recreation	Public Works	Planning	Stratford Utility Corporation	Stratford Business Park	Elimination	Consolidated 2015
Revenue:									
Property taxes	\$ 1,894,036	\$ 368,457	\$ 444,217	\$ 465,129	\$ 196,582	\$ -	\$ -	\$ -	\$ 3,368,421
Government transfer:									
Support Grant Program	382,903	154,771	125,721	195,379	46,973	-	-	-	905,747
Infrastructure	1,219,571	-	-	-	-	372,277	-	-	1,591,848
Rental	258,839	-	-	-	-	-	-	(37,300)	221,539
Third party revenue	225,929	-	60,874	-	35,602	-	-	-	322,405
Interest	7,375	-	-	-	-	32,684	2,245	-	42,304
Water and sewer	-	-	-	-	-	2,032,562	-	-	2,032,562
	3,988,653	523,228	630,812	660,508	279,157	2,437,523	2,245	(37,300)	8,484,826
Expenditures:									
Salaries and benefits	188,196	138,579	407,085	234,740	251,142	438,474	-	-	1,658,216
Goods and services	1,890,097	248,210	149,827	425,768	28,015	600,580	28,896	(37,300)	3,334,093
Depreciation	611,339	-	-	-	-	773,734	-	-	1,385,073
Interest	-	136,439	-	-	-	283,444	-	-	419,883
Other	-	-	73,900	-	-	-	-	-	73,900
	2,689,632	523,228	630,812	660,508	279,157	2,096,232	28,896	(37,300)	6,871,165
	\$ 1,299,021	\$ -	\$ -	\$ -	\$ -	\$ 341,291	\$ (26,651)	\$ -	\$ 1,613,661